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REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 4 OF SECURITY COUNCIL RESOLUTION 947 (1994)

I. INTRODUCTION

1. The present interim report is submitted pursuant to paragraph 4 of Security Council resolution 947 (1994) of 30 September 1994, by which the Council requested me to report no later than 20 January 1995 on progress towards implementation of the United Nations Peace-keeping Plan for the Republic of Croatia and all relevant Security Council resolutions, taking into account the position of the Croatian Government, and decided to reconsider the mandate of the United Nations Protection Force (UNPROFOR) in the light of that report.

2. The United Nations peace-keeping plan (S/23280, annex III) described the peace-keeping operation as "an interim arrangement to create the conditions of peace and security required for the negotiation of an overall settlement of the Yugoslav crisis [which] would not prejudge the outcome of such negotiations." In the plan it was envisaged that United Nations Protected Areas (UNPAs) would be demilitarized, that all persons residing in them would be protected from the fear of armed attack, that the human rights of minorities in the UNPAs would be safeguarded and that UNPROFOR would assist, as appropriate, the humanitarian agencies of the United Nations in the return to their homes in the UNPAs of all displaced persons who so desired.

3. I have reported extensively to the Security Council on the state of implementation of the various elements of the peace-keeping plan and the difficulties UNPROFOR has been facing in attempting to carry out its mandate (see, inter alia, S/25777, S/26470, S/1994/300 and S/1994/1067). In each of those reports, I gave a frank explanation for UNPROFOR's inability to implement some of the elements of the peace-keeping plan as well as subsequent mandates of the Security Council, such as those relating to the "pink zones" (Security Council resolution 762 (1992)) and to the establishment of controls at the borders of the UNPAs where they coincide with the international borders of the Republic of Croatia (Security Council resolution 769 (1992)). Before each renewal of UNPROFOR's mandate, I faced the choice of either recommending the withdrawal of the Force, given the absence of reliable cooperation by the parties, or recommending a continuation of the Force on the ground that its presence was essential to prevent renewal of large-scale hostilities. On each

of those occasions, the Security Council has decided in favour of a continued presence.

4. On 12 January 1995, I received a letter from the President of the Republic of Croatia, Dr. Franjo Tudjman, informing me of his Government's decision not to agree to a further extension of UNPROFOR's mandate beyond 31 March 1995, i.e., the end of the present mandate period. In his letter, President Tudjman stated that "Croatia's overall experience during the past two years" had brought him to the conclusion "that, although UNPROFOR has played an important role in stopping violence and major conflicts in Croatia, it is an indisputable fact that the present character of the UNPROFOR mission does not provide conditions necessary for establishing lasting peace and order in the Republic of Croatia, a sovereign State Member of the United Nations." I immediately submitted the letter to the Security Council for its consideration (S/1995/28, annex).

5. In my initial reaction to the letter, I expressed my profound regret at the decision by the Croatian Government, as I strongly believe that the United Nations played a decisive role in bringing to a halt the brutal war on Croatian soil three years ago, and that UNPROFOR has since helped prevent a resumption of renewed fighting. While aware of the frustration of the Croatian people that a final political settlement has so far eluded us, I recalled that the unremitting efforts of the international community have resulted in visible progress. (The following paragraphs provide an opportunity to describe these achievements in greater detail.) I also expressed my grave concern about the risk of renewed hostilities, should United Nations peace-keepers be withdrawn from Croatia. I therefore pointed to the need for the international community to continue its dialogue with the Government of the Republic of Croatia on the issues raised in President Tudjman's letter.

6. During 1994, the two major encouraging developments in Croatia were the cease-fire agreement of 29 March and the agreement on economic issues concluded between the Government of Croatia and the Serb local authorities on 2 December (see S/1994/1375, annex). The fact that the cease-fire has generally been observed has created a climate conducive for negotiations which have been pursued under the auspices of the International Conference on the Former Yugoslavia (ICFY) as well as for the follow-up measures undertaken by UNPROFOR. The agreement on economic issues has opened up a number of areas which hold the promise of mutual benefit for the people in Croatia, both within and outside the UNPAs, and could encourage the confidence required for further discussions on political matters.

II. CEASE-FIRE

7. UNPROFOR's activities in Croatia have continued to focus on the monitoring and verification of the cease-fire agreement of 29 March 1994 as an essential step towards reducing tensions allowing normal life to begin in previously insecure areas and establishing the conditions for economic confidence-building measures leading to political dialogue.

8. During the period covered by the present report, the cease-fire agreement was endangered by a number of unrelated events. The sudden influx of

approximately 30,000 refugees into Sector North from the Velika Kladusa area in Bosnia and Herzegovina created security concerns and presented UNPROFOR with the challenge of providing logistic and manpower support to the humanitarian efforts of the Office of the United Nations High Commissioner for Refugees (UNHCR). Following the use of Udbina airfield for air attacks on targets in the Bihać safe area and near Cazin in the wider Bihać enclave and the subsequent air actions of the North Atlantic Treaty Organization (NATO) to disable the airfield on 21 November 1994 and the Dvor radar site on 23 November 1994, tension in all UNPAs increased dramatically, notably in Sectors North and South. From November onward, new instability was created by the conflict in the Bihać area with the involvement of Croatian Serb and Bosnian Serb forces, as well as Croatian military activities in the Livno area near UNPA Sector South.

9. Throughout the period, there has been a continuing increase in the restrictions on freedom of movement imposed on UNPROFOR by both sides, coupled with a significant decrease in their willingness to cooperate. In addition, the number of violations of the cease-fire agreement has risen from 70 on 1 October 1994 (of which 20 violations were by the Croatian side and 50 were by the Serb side) to 129 on 11 January 1995 (of which 50 were by the Croatian side and 79 were by the Serb side). While both sides have committed an unacceptably large number of violations, UNPROFOR has been particularly concerned about the number of serious violations by the Serb side involving heavy weapons. Within the UNPAs, there has also been a major increase in the number of UNPROFOR vehicles hijacked at gunpoint. In Sectors North and South, 24 vehicles have been stolen since October. The failure of the local Serb authorities to curb this lawlessness has significantly hampered UNPROFOR's ability to carry out its mandate.

10. Despite these serious challenges to the cease-fire agreement, it continues to hold, and the number of violations and restrictions on UNPROFOR's freedom of movement have been slowly decreasing. UNPROFOR's efforts in supervising the cease-fire agreement have been essential in creating a climate conducive to progress towards economic confidence-building measures.

III. ECONOMIC AGREEMENT AND ITS IMPLEMENTATION

11. In my report of 17 September 1994 (S/1994/1067), I informed the Council that, despite strenuous efforts by the ICFY negotiators and my Special Representative, it had not been possible to open direct negotiations on any specific economic confidence-building measures. After the cancellation of scheduled economic talks in Plitvice in June, the Croatian Government was not willing to negotiate on economic issues without simultaneously negotiating the political settlement, while the Serb side was not ready to negotiate a political settlement without first having negotiated the economic measures. While the ICFY negotiators continued intensive and sustained efforts in Zagreb, Belgrade and Knin to resume economic negotiations, UNPROFOR continued, in coordination with ICFY, to pursue local economic initiatives, particularly in and around the zone of separation. Significant preparatory work was done on the restoration of water facilities in Sectors South and West, and on reviving commercial enterprises in Sector North. However, each time specific proposals were put to

local Serb authorities in the Sectors, they were stalled while permission was sought from Knin.

12. Following the signing of the economic agreement on 2 December 1994 (see S/1994/1375, annex)), UNPROFOR participated in several meetings with both sides to clarify priorities and agree on modalities for its implementation. The Croatian Government had publicly identified as its immediate priorities the opening of the part of the Zagreb-Belgrade highway which passes through Sectors West and East of the UNPAs; the Zagreb-Lipovac and Zagreb-Split railway lines; and the Adriatic oil pipeline. On 21 December 1994, the Zagreb-Belgrade highway was opened in Sectors West and East. The United Nations Civilian Police (UNCIVPOL) established a Highway Command of 150 monitors to patrol the highway, together with monitors of the European Union Monitoring Mission in areas under Croatian control. UNPROFOR military personnel provided security along the highway through Sector West. UNPROFOR engineers made minor repairs to ensure safe conditions on the highway. Even though initially the highway was open only during daylight hours, it was used by hundreds of vehicles daily, including small numbers of Croatian Serbs travelling between UNPAs West and East. As of 6 January, the highway has been open on a 24-hour basis with traffic averaging 2,000 vehicles daily. By 11 January 1995, over 35,000 vehicles had used the highway.

13. The opening of the highway raised concerns regarding maintenance of the sanctions regimes under Security Council resolutions 713 (1991), 757 (1992), 787 (1992), 820 (1993) and 942 (1994). Under letters from the Co-Chairmen of the Steering Committee of ICFY accompanying the economic agreement and with Serb consent, UNPROFOR was "not permitted at this stage to let goods pass through the UNPAs originating from, or destined to, the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) or territory controlled by the Bosnian Serbs". In order to maintain momentum and open the highway quickly, my Special Representative agreed with the International Sanctions Coordinator that the Sanctions Assistance Mission in Croatia would co-locate its monitors with the UNPROFOR checkpoint in the zone of separation in Sector East and that UNPROFOR would follow the advice of the Sanctions Assistance Mission monitors in seeking to prevent the passage of unauthorized goods along the highway. UNPROFOR also agreed to monitor and report on Croatian vehicles which might seek to leave the highway in Sector West and on goods traffic across the Sava River bridge on the international border with Bosnia and Herzegovina in Sector West.

14. The functioning of the highway without incident over the first three weeks paved the way for the repair and return to the Croatian Serb side, beginning on 17 January 1995, of the generator poles of the Obrovać hydroelectric station, which had been in the control of the Croatian authorities for four years. It also created a stimulus for the implementation of other priority areas of the economic agreement, in particular the opening of the Adriatic oil pipeline which passes through Sector North. At meetings of technical experts of both sides on 25 December and 5 and 11 January, differences over modalities for its operation were resolved and technical inspections commenced. While ICFY pursued negotiations for the formation of a joint commercial oil company, UNPROFOR supervised the de-mining of, and provided security as well as engineering expertise for, the main valve stations. The pipeline is scheduled to be reopened on 23 January.

15. As regards the water and electricity projects in the economic agreement, despite the failure of the local Serb leadership in Knin to attend the first scheduled meeting of the Central Commission in Split on 5 January, technical experts agreed to start work as quickly as possible on repairs and de-mining. On 9 January, UNPROFOR engineers began detailed inspections of four water facilities in Sectors North, South and West. Preliminary UNPROFOR inspections indicate that at least two of the 13 water and electricity projects listed in the economic agreement could be technically completed within two months depending on the extent of the de-mining necessary, snow conditions and adequate financial resources. The first phase of these repairs could be completed by 24 February. If these projects were to be completed expeditiously, water could be provided before summer to coastal towns in Dalmatia, including Zadar and Biograd, which have been without adequate water supply for four years. Moreover, the provision of water and electricity would help to restore relatively normal economic conditions to large areas devastated by war.

16. Serb engineers began inspections of the Zagreb-Lipovać railway line on 11 January. On 16 January, preliminary inspections are due to be completed and an expert group is to meet and decide on a timetable for repairs. The opening of this rivalry, and of the Zagreb-Split railway, could dramatically improve the basic infrastructure for economic exchange on both sides.

17. It is evident that the success of the economic agreement depends upon the continued will of the parties and the ability of the international community to provide resources and assistance for project implementation. UNPROFOR has neither the resources nor the mandate to assist the parties financially in a complex and possibly expensive economic reconstruction. Nor is it likely that the very weak economy in the UNPAs could sustain the costs of many of the economic projects. The Security Council may wish to endorse the economic agreement, note the need for adequate international financial support and encourage bilateral and international donors. Without adequate resources, the potentially beneficial effects of the economic agreement for an overall political settlement could be eroded.

IV. POLITICAL NEGOTIATIONS

18. In parallel with the economic negotiations, the Co-Chairmen and the two ICFY negotiators, together with the Ambassadors of the Russian Federation and the United States of America to Croatia, have been working on a plan for a political settlement of the conflict between the Croatian Government and the local Serb authorities in the UNPAs. It is hoped that, despite the recent decision of the Croatian Government, the progress made through the negotiations and the implementation of the economic agreement will contribute to building confidence and facilitate the resumption of negotiations on a peaceful settlement of the conflict.

V. DISPLACED PERSONS AND HUMANITARIAN ACTIVITIES

19. In paragraph 13 of resolution 947 (1994), the Security Council urged that the pilot project for the return of displaced persons in or near the zone of

separation be put into effect as soon as possible. As a result of the cease-fire continuing to hold, the security situation along and within some areas of the zone of separation has improved to such an extent that some displaced persons were able to return to their homes on their own initiative. Since October 1994, UNHCR has provided some 340 families with material assistance to help them re-establish themselves in two villages near the zone of separation in the Zupanja of Sibenik and in one village in the Zupanja of Zadar. This has been done in close cooperation with the Croatian authorities. Similarly, assistance has been given for the reintegration of returnees in two villages on the Serb side in the municipalities of Benkovać adjacent to the zone of separation. Plans are being finalized for assistance in the return of displaced persons to some villages within the zone of separation in Sector South as soon as the security situation permits. On the Croatian side, special attention is being given to the Zadar and Sibenik hinterland, where an additional 4,000 displaced persons are expected to return shortly.

20. UNHCR, together with UNPROFOR, will continue to assist and act as a catalyst to mobilize assistance from other organizations and coordinate their efforts to facilitate voluntary return where it can take place in accordance with humanitarian principles. Despite the strong urging of the Croatian Government, large-scale returns in the near future to areas inside the UNPAs are unlikely, unless there is substantial progress on both the economic agreement and on the political dialogue leading to a political settlement. It would be contrary to international humanitarian law and practice for UNPROFOR to encourage return to areas which remain insecure because of unacceptable levels of hostility and mine infestation and in which human rights may not be adequately guaranteed.

21. UNPROFOR has continued its humanitarian tasks, including assisting UNHCR and other agencies in the transport and distribution of humanitarian aid, protecting minorities in the UNPAs and seeking to develop humanitarian confidence-building measures. In Sector North, an additional 30,000 refugees from the Bihać pocket in Bosnia and Herzegovina, who fled to the Sector in August 1994, were assisted until most of them returned to Velika Kladusa in late December.

22. UNPROFOR has also maintained a continuous dialogue with organizations of refugees and displaced persons. In response to their requests, and despite a last-minute refusal to cooperate by local Serb authorities, UNPROFOR organized the visit of over 700 Croatians to graveyards in the zone of separation in UNPA Sector South on All Saints' Day on 1 November. This was the first time in three years that such visits had taken place.

23. While there have been requests from the Croatian Government for the removal of the Croatian-administered parts of Sector West from that UNPA, UNPROFOR monitoring indicates that full conditions of security and non-victimization of the Serb minority have not yet been achieved.

VI. UNPROFOR'S PUBLIC INFORMATION ACTIVITIES

24. Although UNPROFOR TV programmes are broadcast twice a week on national television stations in Bosnia and Herzegovina, the Federal Republic of Yugoslavia (Serbia and Montenegro) and the former Yugoslav Republic of Macedonia, the Croatian television authorities have been unwilling to grant UNPROFOR regular slots. Publications, posters and pamphlets about UNPROFOR and the United Nations continue to be produced in the Croatian language and a monthly newspaper in both English and Croatian is distributed. Taped radio programmes for broadcast on local stations in Croatia are produced on an ongoing basis. However, despite explicit approval by the Security Council, in paragraph 1 of its resolution 947 (1994), of UNPROFOR's plans to establish its own radio facility, and despite repeated requests at various levels of Government, the Croatian Government has not yet granted a broadcasting licence to UNPROFOR, nor has it allocated the necessary FM frequencies. (UNPROFOR is facing a similar situation with regard to Bosnia and Herzegovina.)

VII. DIFFICULTIES WITH THE STATUS-OF-FORCES AGREEMENT

25. In paragraph 10 of resolution 947 (1994), the Security Council expressed its concern that a status-of-forces Agreement has not yet been concluded, inter alia, by the Republic of Croatia with UNPROFOR and called upon it to conclude such an agreement without delay. Despite a pledge given by President Tudjman to members of the Security Council in September, no progress has been made on this issue. On 21 October, UNPROFOR presented a final draft of a status-of-forces agreement to the Croatian Government and made persistent efforts to reopen negotiations on its conclusion. The Government responded by resurrecting issues considered by UNPROFOR to have been resolved in earlier negotiations.

VIII. OBSERVATIONS

26. Members of the Security Council will recall that in my report of 17 September 1994 (S/1994/1067) I noted that, despite the earlier inability of UNPROFOR to fulfil important parts of its mandate under the United Nations peace-keeping plan in Croatia, the successful implementation of the cease-fire agreement of 29 March 1994 had enhanced the possibilities of progress. The agreement had dramatically reduced the number of war casualties and allowed for increasing normalization of life which, as experience has shown, is an essential precondition for confidence-building and political reconciliation.

27. The conclusion of the economic agreement on 2 December 1994 and the swift opening of the highway from Zagreb to Lipovac, which so far has been used in safety and security by 2,000 vehicles per day, have been positive steps towards further progress and confidence-building. As passage by ordinary citizens through territory held by the other side becomes a normal part of their experience, conditions should gradually improve for increased cooperation, political dialogue and conflict resolution.

28. In contrast with these positive developments, no progress has been made on the deployment of international monitors on Croatia's international borders with Bosnia and Herzegovina and Serbia. For reasons outlined in my reports to the Security Council of 16 March 1994 (S/1994/300) and 17 September 1994 (S/1994/1067), UNPROFOR will not be in a position to deploy monitors on these borders under resolutions 762 (1992), 769 (1992) or 838 (1993) unless there is a significant change in the attitude of the local Serbs and unless, in the case of resolution 838 (1993), substantial additional resources are made available to UNPROFOR.

29. It is too soon to predict the effect on the Serb population in the UNPAs of the Croatian Government's decision not to agree to a continuation of UNPROFOR's present mandate beyond March 1995. But I am concerned that the three-step approach - cessation of hostilities, economic normalization and political negotiations - which has been pursued so far may no longer be seen by them as a viable option. In any case the political commitment of all the major leaders of the Serb side to implement the economic agreement in full had not always been evident. I shall closely monitor developments relating to its implementation in the coming weeks and draw the attention of the Council to any significant changes in the situation.

30. In my report to the Security Council on 17 September 1994 (S/1994/1067) I stated that I had not wish to recommend the indefinite prolongation of a peace-keeping presence if it was widely judged to be unable to carry out its mandate and its presence contributed only to the maintenance of an unsatisfactory status quo. I noted the crucial importance of the will of the parties to UNPROFOR's ability to carry out its mandate. Over the past four months, however, UNPROFOR's primary tasks have, with the cooperation of the parties, developed beyond maintenance of the cease-fire agreement to encompass implementation of the economic agreement and facilitating the start of cooperative dialogue between the parties. It is unfortunate that the potential for success in this process had not been fully explored before the Croatian Government's decision to withdraw its support for UNPROFOR's continuing role.

31. I hope that the Croatian Government will reconsider its position before the expiry of UNPROFOR's current mandate. In case this does not happen, however, I shall undertake a detailed study of the practical consequences and financial implications of a withdrawal of UNPROFOR from the Republic of Croatia. In this context, I shall also have to examine whether the headquarters of a peace-keeping force and its logistic base should be maintained in the capital of a country where there is no longer a mandate or a troop presence. I shall consult closely with members of the Security Council on the options available.

32. I should like to stress that my principal concern in this regard is that the withdrawal of UNPROFOR would considerably increase the likelihood of a resumption of hostilities. No matter how much the Government of Croatia may declare its commitment to a "peaceful reintegration of its occupied territories" and ask that its decision should not be misunderstood, I fear that the withdrawal of UNPROFOR would be likely to lead to the resumption of war. In view of the weapons that have accumulated in the areas, despite the arms embargo, that conflict would be even more destructive than the one which raged in 1991-1992. I have in the past considered the option of recommending that the

Security Council withdrawal the Force in view of the difficulties impeding the implementation of its mandate, but rejected this option precisely because of the concern described above.

33. Now that the Government of Croatia has proposed the termination of UNPROFOR's mandate, I must reiterate my conviction that the fundamental solution to the problem in Croatia can be sought only through political dialogue. The United Nations has consistently pointed out that it is the parties themselves who bear the primary responsibility for achieving such a solution and who must take the necessary steps towards reconciliation. UNPROFOR's principal task has been to keep the peace and thus facilitate the process of reconciliation. In other words, it is a means to an end, not an end in itself. It is for the Security Council to determine how best the ends sought by the international community can be attained if UNPROFOR is to be withdrawn.